



The City of Tempe Financial Capacity Study is primarily a forecast of the financial condition of each of the City's appropriated funds over a five-year period. The individual fund forecasts form the "core" of this document and include tables and graphs depicting our estimates of revenues and expenditures. In addition, the Study includes information regarding Tempe's long-term financial policies, plus recommendations that form a "financial action plan" for maintaining the City's financial health. The contents of this document are divided into the following sections:

- ◆ Forecast Summary
- ◆ Fund Overviews/Fund Forecasts
- ◆ Financial Action Plan/Budget Policy Direction

Forecast Summary

This section summarizes the major findings of the Study and provides an overview of Tempe's projected financial condition over the next five years. In addition, the Summary contains tables and graphs depicting Tempe's current revenue and expenditure budget, providing a "frame of reference" for the fund forecasts that follow. To assist the reader in understanding how we arrived at our estimates, the summary section includes information on our forecasting methodologies, major revenue and expenditure assumptions, and the economic outlook that guides the forecast.

Fund Overviews/Fund Forecasts

Each fund forecast includes a detailed description of the revenue and expenditure structure of each fund (sources of revenue and uses of resources). These descriptions aid in the understanding of the wide variety of issues associated with projecting both revenues and expenses. The fund forecasts for each fund appear immediately following the fund overviews. The graphical displays at the beginning of each fund's section reflect four prior years of actual revenues and expenditures, along with all years of the forecast. Detailed tables displaying revenue and expenditure forecasts round out each fund forecast. The graphical displays are "roll-up" summaries of the detail tables.

Financial Action Plan/Budget Policy Direction

This section focuses on an array of recommendations having the long-term goal of maintaining Tempe's sound financial condition. The recommendations cover such issues as expenditure control strategies, debt management planning, employee benefits, and strategic issues budgeting. Lastly, we present Tempe's Budget Policies, a short-term planning tool that will guide budget development and provide a linkage to the long-term financial goals embodied in the Financial Action Plan.

If you have questions or comments regarding this document, please contact the City of Tempe Office of Management and Budget. Our telephone number is (602) 350-2928. Or, e-mail us at monty_headley@tempe.gov. Also, City of Tempe budget documents can be viewed on the Internet at www.tempe.gov.